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DE RUCNDT #0089/01 0342245
ZNR UUUUU ZZH
P 032245Z FEB 09
FM USMISSION USUN NEW YORK
TO SECSTATE WASHDC PRIORITY 5763

UNCLAS USUN NEW YORK 000089

SIPDIS

E.O. 12958: N/A

TAGS: [AORC](#) [KUNR](#) [PREL](#)

SUBJECT: FIFTH COMMITTEE ACTION ON THE 2008/2009 BUDGET

¶1. Summary: The main session of the 63rd General Assembly concluded early morning on December 24, 2008. The Fifth Committee considered an extraordinary number of proposals most of which were deferred from the Main session of the 62nd General Assembly (GA). At the outset of the session, the Organization was faced with a possible increase of \$1 billion to the initial 2008-2009 budget approved by the 62nd GA, which would have reflected a 25% increase from the final 2006-2007 budget. The U.S. working with most Western States, particularly Japan, sought to limit the growth of the 2008-2009 budget to approximately 15% bearing in mind that additional costs relating to Special Political Missions (SPMs) approved by the Security Council would alone increase the budget approximately 10%. In the end, the 63rd GA approved \$657 million in additional appropriations. Combined with the funding approved in the first resumed session of the 62nd GA in March 2008 of \$36 million, the total additional amount approved for the 2008-2009 biennium is \$693 million. The overall 2008-2009 biennium budget now stands at \$4.86 billion. This represents an increase of 16.6% from the final 2006-2007 biennium budget. However, because \$45 million may not be assessed this year under the formulas adopted, the total amount assessed under the 2008-2009 biennium may be only \$648 million, which would result in a 15.5% increase from the final 2006-2007 budget. The GA invited the Secretary General to prepare the 2010-2011 biennium budget on the basis of a preliminary estimate of \$4.87 billion. Below is a summary of proposals adopted during the 63rd main session. More detailed reports are provided in SEPTELS on individual important proposals. END SUMMARY.

REGULAR BUDGET

¶2. 2010-2011 Budget Outline: The GA approved an estimate of \$4.87 billion as the basis for the 2010-2011 budget. The GA also reaffirmed that the budget outline should be comprehensive and requested the SG to submit an annex on SPMs containing an updated estimate of the total 2010-2011 budget for such missions at the beginning of the 64th session as well as the total amount of resources needed to fully implement all mandated activities. USUN was not successful in having formal budget proposals from the Secretary General not yet approved by the GA included in the budget outline, despite widespread earlier agreement among Member States that in order to have a complete and transparent budget process these costs should be included in the budget outline to avoid a piece-meal approach to the budget that occurred in relation to the 2008-2009 budget. As we understand, most Member States, including the major contributor States, were determined to keep the budget that would be initially presented to their capitals as low as possible. The GA also requested the SG to issue future budget outlines no later than November 15 in off-budget years, if not sooner, emphasizing that the budget outline should be submitted sufficiently early in order to be a practical tool in the budget preparation process. In this same resolution, the new level of the contingency fund was set at \$36.5 million.

¶3. Conditions of Service and Compensation for Officials Other than Secretariat Officials: This resolution requested the SG to revise the Pension Scheme Regulations for ICJ Members and

the judges and ad-litem judges of the International Tribunal for the Former Yugoslavia (ICTY) and the International Criminal Tribunal for Rwanda (ICTR). It further decided that any changes to the pension scheme would only apply to ICJ Members and the judges and ad-litem judges of the ICTY and the ICTR, but would not constitute a precedent for any other category of judges working in the UN system. The GA included a prohibition on these judges receiving a pension at the same time they were currently serving on the ICC. This issue will be reviewed again at the 65th UNGA session. Any expenditures resulting from this change will be reported in the final performance reports of the 2008-2009 budget and of the ICTY and ICTR.

14. Development: This resolution was the top priority for the G-77 for this session. The G-77 argued initially for approval of all 152 posts requested by the SG plus the retention of two posts proposed for elimination (the Special Advisor for Africa and assistant). However, after submitting a draft resolution for approval of all of those posts, in violation of the principle of consensus that normally governs the work of the Fifth Committee, the G-77 settled for ninety one new posts as well as retention of the Special Advisor on Africa (Under Secretary General level.) The G-77 also agreed to the reduction of costs for travel, consultants, experts and contractual services, excluding the regional commissions. The establishment of approved posts will be staggered with posts for the regional economic commissions to be established effective January 1, 2009 and posts for DESA, LLDC/SIDS, NEPAD and UNCTAD to be established effective July 1, 2009. The resolution also requests the SG to report on the implementation of this resolution in the 2012-2013 budget. These decisions will cost \$9.7 million for 2009 and

approximately \$22.2 million for 2010-2011.

15. Department of Political Affairs: The General Assembly decided to strengthen the Department of Political Affairs by approving 49 new posts of varying levels with specific directions on posts and makeup of divisions. These decisions will cost \$6.2 million for 2009 and approximately \$17 million for 2010-2011.

16. Information and Communications Technology (ICT)/Enterprise Resource Planning (ERP): The GA approved \$20 million for the implementation of ERP comprising \$5.1 million from the 2008/2009 regular budget, \$7.1 million from the July 2008/June 2009 peacekeeping support account, and \$7.8 million from 2008/2009 extrabudgetary resources. The GA approved \$2.3 million in interest accrued under the Integrated Management Information System Fund to be applied to the \$5.1 million requirement. The remaining \$2.8 million is to be absorbed within existing resources and reported on in the final performance report for the 2008-2009 biennium.

For the Enterprise content management project, The GA approved \$2 million to be absorbed within regular budget existing resources and reported in the final performance report. For disaster recovery and business continuity, the GA approved \$7.1 million for the establishment of a new primary data center on the North Lawn comprising of \$5.7 million from the regular budget to be absorbed from within existing resources and reported in the final performance report and \$1.4 million from the peacekeeping support account. The GA noted its deep regret that the Secretary General entered into a long-term lease for a secondary data center before the site's viability had been fully established and its concern that the delay in identifying an alternate site could lead to further costs including costs to the Capital Master Plan, and risk to data. The GA urged the Secretary General to explore alternative uses for the leased space as a matter of urgency.

In addition, the GA approved \$2.5 million to be absorbed within existing resources under the regular budget and reported in the final performance report for disaster recovery and business continuity services to UN Headquarters, offices away from headquarters and field missions. The GA

further noted with appreciation the Government of Spain's commitment and approved a secondary active telecommunications facility at Valencia to support peacekeeping activities. The budget requirement of \$149 thousand for the establishment of this site will be funded from within resources approved for the UN Logistics Base for the period of July 1, 2008 - June 30, 2009.

¶7. Human Resources Management: A new HR regime, primarily to enhance the UN's ability to recruit and retain staff in the field, was adopted at a cost of \$13.2 million which is included in the SPM budget and \$80.9 million under the peacekeeping budget. See Septel USUN 0011.

¶8. UN Common System: The GA approved a revised base/floor scale of gross and net salaries for staff in the professional and higher categories; a revised level of the hardship, mobility and non-removal allowances; and a revised flat-rate allowance for children and secondary dependent's allowances. Any costs incurred as a result of these decisions will be reported in the final performance report for the 2008-2009 biennium.

¶9. Administration of Justice: The GA approved complete overhaul of the organization's internal justice system for resolving employment-related disputes. The GA requested that any costs implications resulting from this action be absorbed from within existing appropriations and actual costs reported on in the final performance report. The GA also requested the Secretary General to conclude cost-sharing agreements with the relevant Funds and Programs by June 30, 2009. See Septel USUN 0030.

¶10. Special Political Missions (SPMs): The GA approved budgets for 27 SPMs totaling \$429,497,600. The GA took note of an unencumbered balance of \$15,850,800 for 2008 and decided to appropriate \$413.6 million under the regular budget. The GA also approved a commitment authority of \$5 million for design work for the headquarters facilities for the UN Assistance Mission in Iraq. According to the Secretariat, there will be additional resource requests for SPMs in the next resumed session in March 2009.

¶11. Program Budget Implications and Revised Estimates to the 2008/2009 Biennium: The program budget implications (PBIs) and revised estimates that were charged against the 2008-2009 contingency fund this past session amounted to \$7.069 million. With these recent charges, \$5.12 million remains in the contingency fund for the 2008-2009 biennium. The PBIs and revised estimates included funding for a rule of law unit

(\$575K); Durban II (\$642.7K); Convention on the Elimination of All Forms of Racial Discrimination (CERD) (\$404K); extension of the mandate for the SRSG for Children and Armed Conflict (\$2.05M); Committee on the Rights of the Child (\$546K); Human Rights Council decisions (\$1.85M); and the Convention on the Rights of Persons with Disabilities (\$1M). Another PBI that was considered, but costs were absorbed included the arms trade treaty. The United States called for a vote on the arms trade treaty PBI and voted no. Israel called for a vote on the Durban PBI and the U.S. voted no along with Israel and 6 other countries. The U.S. disassociated from consensus on the Committee on the Rights of the Child and the CERD PBIs.

ITEMS NOT INCLUDED IN THE REGULAR BUDGET:

TRIBUNALS

¶12. Financing of International Criminal Tribunal for Rwanda (ICTR): The GA approved an revised estimate of \$38 million for 2008-2009 which brings the total appropriation for the ICTR to \$305.4 million. The assessment for 2008 was \$136 million and for 2009 it is \$169.3 million. However, the GA decided that Member States' respective share of the Tax Equalization Fund as well as the increase in the estimated staff assessment in the amount of \$15.7 million shall be applied to the Member States' apportionment.

¶13. Financing of the International Tribunal for the Former Yugoslavia (ITY): The GA approved a revised estimate of \$28.7 million for 2008-2009 which brings the total appropriation for the ITY to \$376.2 million. The assessment for 2008 was \$173.7 million and for 2009 it is \$202.3 million. However, the GA decided that Member States' respective share of the Tax Equalization Fund as well as the increase in the estimated staff assessment income in the amount of \$21.2 million shall be applied to the Member States' apportionment.

PEACEKEEPING MISSIONS

¶14. Financing of UN Mission in Ethiopia and Eritrea (UNMEE): The GA noted the Security Council decision to terminate the UNMEE mandate effective July 31, 2008 and decided to reduce the July 2008/June 2009 appropriation of \$100.4 million to \$37.02 million as well as the staff assessment income from \$2.3 million to \$1.1 million. The GA then further decided to apportion among Member States \$28.7 million for the period from August 1, 2008 - June 30, 2009 in addition to the \$8.75 million already apportioned from July 1-31, 2009. The GA also decided that Member States' respective share of the Tax Equalization Fund of the estimated staff assessment income of \$916 thousand for the period of August 1, 2008- June 30, 2009 shall be applied to the Member States' apportionment. The GA will keep this item under review.

¶15. Financing of the African Union-United Nations Hybrid Operation in Darfur (UNAMID): The GA decided to apportion among Member States \$449.86 million for the period of January 1 - June 30, 2009. This is in addition to the amount of \$919.4 million already apportioned to Members States. The GA also decided to authorize the Secretary General, upon advice of the Controller, to assess Member States, as required, a further amount of up to \$200 million for operations for the period of January 1 - June 30, 2009. The GA will keep this item under review.

UN PENSION SYSTEM

¶16. The GA approved an additional \$2.2 million for the UN Joint Staff Pension Fund which will be covered by Fund resources and not charged against the regular budget. This action brings the total amount appropriated for the Fund in 2008-2009 to \$153 million. The GA also approved changes in Fund benefits such as streamlining provisions governing family or former family members and allowing participants who return to active contributory services after a period of disability to count the disability period as contributory service without having to pay contributions for that time. In regards to investments, the GA approved the inclusion of contractual settlement provisions in the agreement with the Global Custodian of the Fund and welcomed the continued effort by the Secretary General to diversify its investments between developed and emerging markets. But the GA stressed the need to ensure that, under the current volatile market, investment decisions should be implemented cautiously taking into account the four main criteria for investment - safety, profitability, liquidity, and convertibility.

DEFERRED ITEMS

¶17. A few items with budget implications were deferred for action in the next resumed session in March, such as the Secretary General's proposed accountability framework and the contingent liability reserve for the United Nations Postal

Administration.
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